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IN THE

Supreme Court of the United States

OCTOBER TERM, 1958.

No. 850

NEW PRODUCTS CORPORATION,
Petitioner,

vs.

OUTBOARD, MARINE & MANUFACTURING COMPANY,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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April 15, 1959.

THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

New Products Corporation, Petitioner, prays that a writ of certiorari issue to review the Judgment of the United States Court of Appeals for the Seventh Circuit entered in the above-entitled case on February 5, 1959 and in which the Petition for Rehearing was denied on March 16, 1959.

OPINIONS BELOW.

The District Court filed no opinion but entered Findings of Fact and Conclusions of Law (R. 281-287), reported at 160 F. Supp. 95. The Opinion of the Court of Appeals for the Seventh Circuit (R. 364) is reported at 263 F. 2d 521.

JURISDICTION.

The Judgment of the Court of Appeals for the Seventh Circuit was entered February 5, 1959 (R. 365) and Petition for Rehearing was denied March 16, 1959 (R. 3[illegible]). The jurisdiction of this Court is invoked under 28 U. S. Code 1254(1) and is timely under 28 U. S. Code 2101(c).

QUESTIONS PRESENTED.

The interpretation and application of Rule 52(a) of the Federal Rules of Civil Procedure by the Court of Appeals for the Seventh Circuit in this case is directly in conflict with the decisions of this Court and with decisions of every Court of Appeals of the eleven Federal Judicial Circuits, including earlier decisions by the Court of Appeals for the Seventh Circuit itself. The specific questions presented are as follows:

1. In view of the provisions of Rule 52(a) of the Federal Rules of Civil Procedure, and of the provisions of 35 U. S. Code 282:

(a) May a Court of Appeals disregard Findings of Fact not shown to be clearly erroneous, but which specifically find facts evidencing invention in a patent, on the ground that the Findings are directed to the issue of validity of the patent and, by substituting its own factual conclusions, find the patent to be invalid for lack of invention?

(b) May a Court of Appeals base a judgment of patent invalidity upon testimony of a witness whose testimony is contrary to that of another witness where both witnesses testified in open court and the trial court specifically found that the latter witness was a "truthful witness"?

(c) May a Court of Appeals find a patent to be invalid "for lack of invention" where such a conclusion ignores Findings of Fact by the trial court not shown to be clearly erroneous?

(d) May a Court of Appeals find a patent to be invalid "for lack of invention", in view of the statute, 35 U. S. Code 282, where there are Fact Findings to the contrary, not shown to be clearly erroneous?

2. When one of the three judges of a Court of Appeals dies after presentation of the case, but before consideration or disposition thereof, are not the parties entitled to consideration of the appeal and a decision by a full Court, with or without reargument?

STATEMENT OF THE CASE.

This is a patent infringement action by the owner by Banker patent No. 2,409,236 (R. 217) for "Method of Making a Roller Cage", charging infringement of claims 1, 3 and 5 thereof by Respondent's manufacture of cages or retainers for roller bearings for use in outboard motors. The accused method is illustrated in Respondent's literature, Pl. Ex. 1 (R. 215) and is described in Finding of Fact No. 5 (R. 282), which is not in dispute.

The action was commenced March 29, 1956. It was reached for trial in the United States District Court at Chicago before District Judge Perry on July 15, 1957. Testimony of witnesses for both parties was taken in open court and documentary exhibits, including patents and prior art references were identified, explained by witnesses in open court and received in evidence. Briefs were filed by both parties, oral argument was had and the District Court entered Findings of Fact, Conclusions of Law and Judgment (R. 281-288) on February 28, 1958.

The Judgment held the patent in suit, as to Claims 1, 3 and 5 in issue, to be valid and to be infringed by Respondent.

On March 28, 1958, Respondent filed notice of appeal to the Court of Appeals for the Seventh Circuit. Briefs

were filed and oral argument was had on October 8, 1958 before Circuit Judges Finnegan and Schnackenberg and District Judge Wham (retired).

His Honor, Judge Finnegan, died January 4, 1959.

On February 5, 1959, an Opinion was handed down (R. 364) and a judgment was entered (R. 365) in the Court of Appeals for the Seventh Circuit, holding the claims in issue of said Banker patent No. 2,409,236 to be invalid for want of invention.

A Petition for Rehearing was filed and was denied March 16, 1959.

It is noted on the Opinion that His Honor, Judge Finnegan died before the Opinion was prepared.

The Opinion states that the Findings of Fact entered by the District Court, reciting findings as to the inventive character of the patent in suit, are directed to the issue of validity; that the question of validity is one of law; and, hence, that Rule 52(a) of the Rules of Civil Procedure has no application. There is no statement or holding that any of the Findings entered by the District Court is clearly erroneous.

The interpretation of Rule 52(a) and the resulting disregard of Findings of Fact not clearly erroneous is contrary to the opinion of this Court and of every Court of Appeals in the United States and is believed to be erroneous. Its result is completely confusing not only to members of the Bar in the Seventh Circuit but also to a number of the District Judges within the Circuit.

This petition for a writ of certiorari is filed to avoid such a conflict of opinion and to correct such error in the interpretation and application of Rule 52(a) by the Court of Appeals for the Seventh Circuit.

SPECIFICATION OF ERRORS.

1. The Court of Appeals erred in reversing the Judgment entered by the District Court, although not holding that the Findings of Fact were clearly erroneous.

2. The Court of Appeals erred in finding and holding, on the basis of an incorrect and fragmentary sentence misquoted by Respondent's witness, that the prior art patent to Robinson was not limited in its disclosure to substantially that shown in its drawings.

3. The Court of Appeals erred in its holding that Rule 52(a) has no application to Findings of Fact which bear upon the issue of validity.

4. The Court of Appeals erred in stating that the District Court did not apply the correct criteria of invention, without pointing out wherein the District Court was in error.

5. The Court of Appeals erred in denying Petitioner's Petition for Rehearing, particularly in view of the death of His Honor, Judge Finnegan, before the preparation of the Court's Opinion.

6. The Court of Appeals erred in finding the claims to be invalid, ignoring the statutory presumption, and only upon the basis of an assumption of fact which the District Court had found incorrect and incredible.

REASONS FOR GRANTING THE WRIT.

This Court and each and every Court of Appeals in the eleven Judicial Circuits, including the Court of Appeals for the Seventh Circuit itself in current and earlier decisions, has held that Rule 52(a) of the Federal Rules of Civil Procedure is binding upon the Court of Appeals and "shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge

of the credibility of the witnesses." Representative of numerous such decisions are:

Graver Tank Co. v. *Linde Air Prod. Co.*, 339 U. S. 605, 612.

Polaroid Corporation v. *Clark*, 139 F. 2d 28 (C. A. D. C.).

National Development Co. v. *Lawson-Porter Shoe Machinery Corporation*, 129 F. 2d 255 (C. A.-1).

Sawyer v. *Crowell Pub. Co.*, 142 F. 2d 497 (C. A.-2).

White v. *E. L. Bruce Co.*, 162 F. 2d 304 (C. A.-3).

Shreckhise v. *Ritchie*, 160 F. 2d 593 (C. A.-4).

Otis Pressure Control, Inc. v. *Guiberson Corporation*, 108 F. 2d 930 (C. A.-5).

Modern Products Supply Co. v. *Drachenberg*, 152 F. 2d 203 (C. A.-6).

General Foods Corp. v. *Triangle Manufacturing Company*, 253 F. 2d 227 (C. A.-7).

Hall Laboratories v. *Economics Laboratory*, 169 F. 2d 65 (C. A.-8).

Refrigeration Engineering, Inc. v. *York Corporation*, 168 F. 2d 896 (C. A.-9).

Bradshaw v. *Superior Oil Co.*, 164 F. 2d 165 (C. A.-10).

In finding the patent in suit to be invalid for want of invention, the Court of Appeals for the Seventh Circuit held that Findings of Fact which expressed statements of evidentiary facts tending to support the presence of invention in the patent were directed to the issue of patent validity. The Court stated and held that since the issue of validity was a question of law, Rule 52(a) of the Federal Rules of Civil Procedure has no application.

The pertinent portions of Rule 52(a) of the Rules of Procedure for the United States District Courts are as follows:

> "In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon and direct the entry of the appropriate judgment; * * *. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses."

This disregard for the Findings of Fact in a patent infringement action on the ground that such findings bear upon the issue of validity and which, therefore, the Court says are not binding upon it, appears to be directly contrary to the specific provisions of the rule as promulgated by this Court and directly in conflict with the decisions listed above.

This Court should grant the writ of certiorari prayed in order to settle the conflict of decisions not only between the various circuits but also within the Seventh Circuit itself.

In every patent infringement action, the patent is of course presumed to be valid and the burden rests upon the party contesting invalidity to establish that result. While this rule has long been a rule of law expressed by this Court and by the various Courts of Appeals in the United States, it became a part of the statutory law by the enactment of the Patent Act of 1954, which became effective January 1, 1955.

A pertinent provision of that statute is that portion of Title 35, U. S. Code, Section 282, which provides:

> "A patent shall be presumed valid. The burden of establishing invalidity of a patent shall rest on a party asserting it."

The enactment of this section of the Patent Act restricts the Courts in patent infringement actions from disregarding the statutory presumption of validity except upon the basis of evidence appearing in the record.

In view of the provisions of Rule 52(a), Findings of Fact which are not clearly erroneous must not be set aside by a Court of Appeals and the statutory presumption of validity of a patent should not be overturned on the basis of a court's particular view as to whether or not a patent discloses an "invention" as opposed to mere mechanical skill. Unless such a conclusion of invalidity is soundly based upon evidence it ignores the statute.

The decision by the Court of Appeals for the Seventh Circuit in this case is contrary to the rule above set forth since it finds the patent in suit to be invalid for want of invention, basing its decision on facts asserted by the Court of Appeals in its opinion which are contrary to the Findings of Fact entered by the trial Court and which Finding are not shown to be clearly erroneous. In fact, the Court of Appeals in this case bases its decision in part upon the statements of a witness who testified in open court, whose testimony was contradicted by the testimony and supporting proofs of another witness, as to which other witness the District Court expressly found that he was a "truthful witness". In so doing, the Court of Appeals ignored that provision of Rule 52(a) which requires the Court to give due regard "to the opportunity of the trial court to judge of the credibility of the witnesses."

In accepting and, in part, basing its reversing decision upon the testimony of a witness which had been discredited in the view of the District Court, the Court of Appeals for the Seventh Circuit ignored Rule 52(a). Its decision is contrary to the decisions of other Courts of Appeals in the United States and contrary to the decisions of this Court.

The provisions of Rule 52(a), as promulgated by this Court, requiring that due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses, should not lightly be disregarded. Yet the opinion of the Court of Appeals herein does lightly accept

the statement of a discredited witness as to statements in a patent when mere inspection of the patent, available in the record, demonstrates the error.

Unless the writ prayed is granted, the rules applicable to actions for patent infringement, insofar as the presentation of evidence and entry of Findings of Fact are concerned, will be beset with extreme uncertainty, both on the part of the patent owners and members of the public charged to infringe patents, and likewise upon members of the Bar, certainly within the Seventh Circuit wherein there is tried a very high percentage of the patent infringement actions coming before the United States Courts. If the present decision stands, then it will be established law in the Seventh Circuit, and a precedent bound to be followed elsewhere, that, in patent cases, Findings of Fact by the District Court bearing upon the issue of validity may be set aside or ignored by the Court of Appeals without a showing that they are clearly erroneous and the Court of Appeals will become the only actual forum upon whose subjective opinions as to the criteria of invention the public must rely. The effect, in other words, would be that the meaning of the patent statute and the meaning of Rule 52(a) would be subject to change with each change in personnel of the Court of Appeals and there would be no fixed rule upon which either a patent owner or a defendant charged to infringe could rely.

The question presented appears to be novel. No decision has been found which reaches a similar conclusion that where a Finding of Fact bears upon the legal issue of validity, then Rule 52(a) does not apply. Such erroneous interpretation of the Rule should be promptly corrected.

ARGUMENT.

The basic error in the Opinion written by Judge Schnackenberg for the Court of Appeals in this case is its argument—

> (1) that findings of fact relating to invention are directed to the issue of validity;
>
> (2) that validity is a question of law and that, therefore
>
> (3) Rule 52(a) has no application to findings of that nature.

The true rule, of course, is that while questions of law are not within the scope of Rule 52(a), the question of law must arise from a set of facts. The facts must be found by the trial court. To such Findings of Fact, Rule 52(a) applies and the Court of Appeals cannot ignore them, merely because they bear upon an ultimate question of law.

Many of the decisions of the Courts of Appeals refer to this obviously simple conclusion. Such decision as *Smith, Kline & French Laboratories* v. *Clark & Clark*, 157 F. 2d 725, 728 (C. A.-3) is directly in point. There, the Court said:

> "While the question of what constitutes anticipation is one of law, as open for determination by this court as by the court below, the facts on which the legal defense of anticipation is to be based must be found by the court below."

The rule as stated in the Court of Appeals' Opinion in the present case is directly contrary to that quoted above, which represents in fact the holdings of almost every decision which can be examined on this point.

As the Supreme Court said in *Graver Tank Co.* v. *Linde Air Products Co.*, 339 U. S. 605, Rule 52(a) is particularly

pertinent in patent cases and issues of fact decided by the trial court, even though they bear upon ultimate questions of law, must not under general principles of appellate review "be disturbed unless clearly erroneous."

The question of invention always, of course, has a bearing upon the validity of a patent. It is not, however, an issue of law as held by the Court of Appeals for the Seventh Circuit in this case. Indeed, the decisions in the other circuits are directly to the contrary, holding that the question of invention is one of fact and whether a patent discloses invention or merely skill of the art is a question to be determined by the trial court. A finding of invention or lack of invention is not to be overturned by a Court of Appeals unless the finding is clearly erroneous on the record.

The Court of Appeals for the Seventh Circuit in this case holds, contrary to the great weight of opinion, that the question of invention as distinguished from mechanical skill is a question of law rather than a question of fact and, therefore, concludes that Rule 52(a) has no application.

There are numerous decisions in the various circuits to the contrary upon the point as to whether a finding of invention is a Finding of Fact and the great majority of the decisions are to the effect that such a question is a question of fact rather than one of law.

In *Hall Laboratories* v. *Economics Laboratory, Inc.*, 169 F. 2d 65, 67, the Court of Appeals for the Eighth Circuit states that:

> "* * * it is well settled that the presence or absence of 'novelty' and 'invention' necessary to sustain the validity of patents is a question of fact and the construction of patent claims where extrinsic evidence is required to determine the meaning of technical terms also involves questions of fact, * * *."

The Court cites numerous decisions as indicating the settlement of the question, including *Bischoff* v. *Wethered*, 9 Wall. 812; *Thomson Spotwelder Co.* v. *Ford Motor Co.*, 265 U. S. 445; *U. S.* v. *Esnault-Pelterie*, 299 U. S. 201; *Crowell* v. *Baker Oil Tools*, 153 F. 2d 972 (C. A.-9); *Hazeltine Corporation* v. *Crosley*, 130 F. 2d 344 (C. A.-6); *Strong-Scott Mfg. Co.* v. *Weller*, 112 F. 2d 389 (C. A.-8); *Otis Pressure Control* v. *Guiberson Corporation*, 108 F. 2d 930 (C. A.-5); *Simons* v. *Davidson Brick Co.*, 106 F. 2d 518 (C. A.-9).

There are many additional decisions to the same effect, holding that the question of invention is a question of fact, including *Refrigeration Engineering* v. *York Corporation*, 168 F. 2d 896 (C. A.-9), referred to elsewhere.

We should like to review briefly certain of the facts of record so that the Court may understand to what extent the Court of Appeals ignored the Findings of Fact entered by the District Court after a full hearing in open court.

The patent in suit is for a "Method of Making a Roller Cage". It does not claim the cage itself nor the ultimate use to which it may be put.

For many years prior to the Banker invention, engineers and men skilled in the art had attempted to make satisfactory roller bearing cages as is shown by the prior art patents which appear in the record. It is significant that all of the prior art cited by the Respondent in this case was cited and considered by the Patent Office before it allowed the Banker patent in suit (Finding of Fact No. 9, R. 284). It was further considered by the District Court before it too found the Banker invention valid.

The function performed by a roller cage is to hold roller bearings precisely in alignment relative to each other and to provide means to retain as many bearings as can be used since the load is distributed over all of the bearings and they must be spaced within the cage so that each roller has the same load.

As the prior art shows, there was a basic difficulty with bearing cages prior to Mr. Banker's invention of a method of making them. Cages which were built up from several parts could separate or distort and move the bearings out of alignment. A one-piece cage could largely avoid this difficulty and the Robinson patent No. 2,059,554 (R. 201) recognized that the bearing spacers and retaining rings could be formed integrally, although he did not describe any method for making such a retainer.

The Respondent put forward the Robinson patent as the primary prior art upon which it relied and contended that its methods followed the teachings of the Robinson patent and, therefore, did not infringe or that, in view of the Robinson patent, the Banker patent was invalid.

The retainers of the Robinson patent were made by or for Respondent for a number of years, but it was admitted, as found in Finding of Fact No. 13 (R. 285) that "Defendant concedes that the roller cages previously made by and for it under the Robinson patent are not now practical."

The Robinson retainer is formed by drilling roller bearing pockets in an endwise direction through the cage.

At the trial before the District Court, Respondent's witness, Mr. Irgens, represented to the Court that Robinson was not so limited and testified that the Robinson patent contained the statement—

> "Also while I prefer to use roller pockets having cylindrical walls, other forms of pockets may be used if desired."

This statement by Mr. Irgens made it appear that Robinson had made such statement in a full sentence and it was so quoted in Respondent's brief. Actually, the Court of Appeals, in its reversing Opinion, relies upon this very statement by Irgens as to the above quoted sentence from the Robinson patent.

The District Court, however, had called to its attention by Petitioner that Mr. Irgens' statement relative to the Robinson patent was untruthful and that the portion which he had quoted represented only a portion of a sentence which did not end with a period as quoted in the Court of Appeals' Opinion but had a comma at that point and continued,—

> "as the arcs or portions 9 of the pockets 7, formed in the inner edges of the flanges 16, will operate at all times to prevent radial displacement of said rollers from said pockets, both inwards and outwards."

The fact is, therefore, that Robinson required that there be arced portions in the bearing pockets to prevent radial displacement of the rollers.

The actual statement by Robinson was misrepresented by the witness, Irgens, and the District Court fully recognized this distortion of the principal prior art patent by the Respondent and said that "Oscar Banker was a truthful witness * * *." in its Finding of Fact No. 11 (R. 284).

The fact is, therefore, that the testimony of Mr. Irgens was disregarded by the District Court who heard the witness and who also heard Mr. Banker's testimony as to the Robinson patent and yet the Court of Appeals completely disregards such finding by the District Court and, instead, bases its Opinion to a very considerable extent upon the testimony of Mr. Irgens and his fragmentary misrepresentation of the Robinson patent, apparently even without checking the specification of the Robinson patent on that point. Thus, the Court of Appeals not only disregards the District Court's Finding of Fact on this point but does not give due regard to the District Court's opportunity to evaluate the truthfulness of testimony as is also required by Rule 52(a).

The Respondent, by using the Banker method instead of

using the "not now practical" Robinson disclosure, enjoyed very great advantages therefrom.

The Banker patent entirely discards prior art teaching of means to prevent radial displacement of bearings in cages which had been accomplished by drilling roller pockets and, on the contrary, taught a method of providing exactly aligned grooves made by a non-drilling method, such as a scooping action, as may be produced by a broach or a drilling cutter. The difference may be likened to that between tunnelling and plowing. The material removed by tunnelling is brought out through the entrance of the tunnel, but the sod scooped up by a plow is raised out of the furrow and dropped down along side of it. Tunnels thus must be made laboriously, one at a time, whereas it is common practice to plow a number of furrows simultaneously.

In the bearing retainers made by or for Respondent before its infringement, the pockets were drilled and it was difficult to make exactly accurately positioned pockets by that method, since a drill point has a tendency to "wander" before penetrating the metal. In order to provide a reasonable degree of accuracy and strength in a retainer made by such method, the drilled holes must be spaced and cannot be made close together as they can by the Banker method. Thus, the retainers made by or for Respondent under the Robinson patent had a capacity of twelve bearings, whereas those made under the Banker method in cages of the same size could accommodate twenty roller bearings as appears from Pl. Ex. 1 (R. 215). By increasing the number of roller bearings in a cage of the same capacity, the load is distributed equally over all the bearings and greatly reduces the load on each.

The Court of Appeals, in its Opinion, believes apparently that the only advantages of the Banker invention are

"rapidity of operation or reduction of the cost." This wholly disregards Finding of Fact No. 12 (R. 284), which defines a number of advantages derived from the Banker invention which are not mentioned by the Court of Appeals, but which finding is indeed disregarded, contrary to the requirements of Rule 52(a).

There is a great deal of evidence in the record and a number of Findings of Fact by the District Court as to the advantages of the Banker patent over the prior art and factual findings which point to invention rather than skill of the art in Mr. Banker's solution of the problem before him. The Court of Appeals states that the Plaintiff relies upon Findings Nos. 6, 11, 12, 13, 15, 16, 17 and 18 but holds that, because they may be said to relate to validity, Rule 52(a) has no application. As a result, the Court of Appeals' Opinion wholly ignores these Findings of Fact by the District Court which show strong evidence that the patent in suit is an invention, although the Court of Appeals does not question any single Finding of Fact of this group as being "clearly erroneous".

At the oral argument before the Court of Appeals in this case, it was substantially conceded that the Findings of Fact were correct.

Where the Patent Office, the public generally, licensees, the District Court and the Respondent itself have all found, after thorough consideration and study, that an invention is valuable and useful and represents substantial improvement over the prior art which has long preceded it and where the accused infringer itself admits that its prior methods have become obsolete and impractical, it seems impossible to believe that a Court of Appeals should ignore such Findings, such evidence and such concurrence of opinion by experts and, upon the basis of erroneous or false evidence, arrive at a personal conclusion that no invention

was involved and that the patent in suit represented merely the expected skill of the art.

The Opinion of the Court of Appeals in this case seems to us to be precisely of that character and it arrives at that result because it ignores the Findings of Fact and the District Court's full opportunity to observe the witnesses and to determine wherein the truth lies upon disputed facts.

Rule 52(a) Is Not Limited in Its Application Only to Findings of Fact Which Indicate Invalidity.

The Court of Appeals for the Seventh Circuit has frequently stated that Rule 52(a) is binding unless it appears that the findings of the trial court are clearly erroneous and frequently the Court of Appeals has accepted Findings of Fact upon the very question of invention as to which the same Court says in this case that the rule "has no application". For example, in *General Foods Corp.* v. *Triangle Manufacturing Co.*, 253 F. 2d 227, in a unanimous opinion in which Judge Schnackenberg participated, the District Court had found as a Finding of Fact that the patent in suit did not disclose an invention, but rather involved only mechanical skill. The Court said:

> "The findings of fact which have heretofore been specifically mentioned, and indeed, other findings of the court not discussed in this opinion, are substantially and adequately supported in the record. We cannot say that they are clearly erroneous. Under Rule 52(a) Federal Rules of Civil Procedure, 28 U. S. C. A., such findings should not be set aside by this court."

In that case, the question of invention was decided adversely to the patent and the Court held it to be a Finding of Fact which was not clearly erroneous and, therefore, under Rule 52(a) should not be set aside. In this case, the Findings of Fact that invention is present rather than mere mechanical skill is said by the Court to be a question of

validity and, therefore, a question of law as "to which Rule 52(a) has no application". Certainly it cannot be the law as one would seem to find from a review of the decisions of the Court of Appeals for the Seventh Circuit that Rule 52(a) has application when the finding is lack of invention, but has no application when the finding of the District Court is to the contrary.

CONCLUSION.

The questions presented on this petition and the results which will inevitably follow from the errors of the Court of Appeals in this case, while they primarily affect the rights and interests of the Petitioner, are also of great importance to the public generally.

Rules of law established by the Supreme Court of the United States and the statutes of Congress should be so clear that there can be no misinterpretation or misapplication of them by the several Courts of Appeals. It seems to Petitioner that Rule 52(a) and the statute, 35 U. S. Code 282, are so clear that there was no room for misinterpretation or misapplication of them as was made in this case. Yet, if the present decision stands, it will be the law, at least in the Seventh Circuit wherein a very high percentage of patent litigation and manufacturing occurs, and if certiorari is denied, there is great likelihood that the manifest error by the Court of Appeals in this case will be repeated elsewhere.

It is respectfully submitted that the petition for writ of certiorari should be granted.

Respectfully submitted,

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April 15, 1959.

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IN THE UNITED STATES COURT OF APPEALS
For the Seventh Circuit.

No. 12324 SEPTEMBER TERM, 1958 JANUARY SESSION, 1959.

NEW PRODUCTS CORPORATION, a Delaware corporation,
Plaintiff-Appellee,
v.
OUTBOARD, MARINE & MANUFACTURING COMPANY, a Delaware corporation,
Defendant-Appellant.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

February 5, 1959.

Before FINNEGAN[1] and SCHNACKENBERG, *Circuit Judges*, and WHAM, *District Judge*.

SCHNACKENBERG, *Circuit Judge*. From a judgment of the district court holding valid claims 1, 3 and 5 of Banker patent 2,409,236 owned by plaintiff, New Products Corporation, a Delaware corporation, and determining that Outboard, Marine & Manufacturing Company, a Delaware corporation, defendant, infringed said claims, defendant has appealed.

The Banker patent is for a *method* (defined by the claims in suit) of making roller cages. These claims pertain to steps performed upon a metal cylinder to form, in an economical and practical way, the device known as a bearing cage. A bearing cage is essentially an annular frame for holding the rollers of the roller bearing in perfect

1. Judge Finnegan died before this opinion was prepared.

alignment with one another and with the axis of rotation of two members between which the rollers are inserted. Roller cages are old and were old at the time Banker applied for his patent in his original application filed October 2, 1939, the patent in suit resulting from a continuation application based upon a division of such original application. At the time that Banker's patent application was filed, these old roller cages were made generally from a number of pieces riveted or otherwise fastened together and were sufficiently satisfactory for light duty work. For heavy duty work, however, the old cages failed, usually where their parts were fastened together, and the problem confronting Banker was how to make a stronger cage cheaply and without making it too bulky, simply to gain strength in size. It is the allegedly novel *method* of making stronger cages which is the subject of the patent in suit. It is contended by plaintiff that the *method* of fashioning the cage must be such as to retain full control over the fashioning tool at all times, *i.e.*, the method must guide the tool precisely at all times and must not allow the tool to wander as it cuts the portions of the cage wherein the roller bearings are to be contained.

Banker testified that in 1936 a man named Stout found fault with a roller cage because it was not accurately machined on the roller slots, that he (Banker) stayed awake at nights, trying to find some way to make a cage accurately, and that, as a result, he made a drawing and sent it to Stout. This is claimed to be the birth of an invention.

The accused procedures of defendant, a manufacturer of outboard motors, are used in the making of bearings which defendant interposes between an inner race provided by the crank of an engine crankshaft, and an outer race provided by the connecting rod which transmits motion between the engine piston and the crankshaft. De-

fendant asserts that the use of cages (also known as retainers or spacers) for maintaining the rollers equidistant from each other, is conventional and that Robinson patent 2,053,534 is one among numerous examples thereof.

According to plaintiff, the invention covered by claims 1, 3 and 5 of the Banker patent includes the steps of (first) taking a cylindrical hollow metal blank and forming a groove in its exterior cylindrical surface by a tool which removes metal by a scooping operation, and (second) then breaking through the bottom of the groove with a tool which comes in through the side of the blank and removes metal by a scooping operation from the side of the blank until openings are formed in the ring which may be used to hold the rollers of a roller cage. What is left is a ring-like cage having parallel, evenly spaced bars joined together at their ends by rings of metal.

Plaintiff asserts that the second scooping operation may be done by a broach or a milling cutter which moves crosswise of the groove.[2] Plaintiff states that, by contrast, a drilling action is not precisely controlled and is not a scooping action. A drill cuts with its end, not its side. The cutting end of a drill is always some distance removed from its support in the drill press and, consequently, as the drilling operation proceeds, the drill may bend slightly and its cutting end may wander, resulting in inaccurate work. The cutting action of a drill is not like that of a scoop because the closer one gets to the center of the drill, the less cutting action of any kind takes place; there is less and less cutting movement of the drill over the bottom

2. A broach is a specially formed tool which has a contour like the cut or groove desired in the piece, the contour being formed by a series of sharp cutting teeth, each tooth being slightly larger than the next so that as the broach is passed through the blank, each tooth will remove a little more metal than the one that preceded it.

of the hole and more sheer pressure crushing and breaking off the central portion of the metal.

On the other hand, defendant points out that broaching and drilling are admittedly ancient practices alternatively usable by those skilled in the art according to the nature of the opening to be produced. Witnesses for both parties were in accord to that effect. It is maintained by defendant that Robinson made it clear that it was not essential that the roller-receiving openings be circular.

Finn T. Irgens, a witness for defendant, testified that there is no reference to drilling in the Robinson patent and that bearing-receiving openings might be made by a method other than drilling. He referred to Robinson's statement:

> "Also, while I prefer to use roller pockets having cylindrical walls, other forms of pockets may be used if desired."

Defendant contends that to a person skilled in the art, this comment inherently suggests a method of manufacture using a broaching operation. Irgens testified that only a round or cylindrical hole will be produced by a drill and that if another shape is desired (such as in plaintiff's method), a drill cannot be used. He added that the logical thing to use would be a broach, which can make any shape desired, the shape of an opening that is machined by a broach being determined by the cross sectional form of the broach.

Banker testified, under cross examination, that, if roller slots in the Robinson patent device were desired other than circular in cross section, they would naturally be broached and that practically broaching is much cheaper and more accurate in small quantities as well as large, including steel bearing cages.

Banker testified as to defendant's exhibit 2, which is a

jaw clutch containing ribs in an inner periphery. He said that the ribs are a "*broached* spline drive for a gear or a clutch. This is a clutch, sure, and that is a standard procedure in making a clutch." (Italics supplied.) He added that it was common for years prior to his invention to make that kind of a rib on the inner periphery or clutch body.

Plaintiff's counsel argue:

> "Obviously broaching open slots on the inner or outer face of a channeled tube, as taught by Banker and used by defendant, is much more rapid and, hence, much less costly than drilling round sockets as required by the Robinson structure."

However, we are not convinced that rapidity of operation or reduction of the cost thereof, or both together, constitutes invention, even assuming that Robinson required round sockets.

In *Leake* v. *New York Cent. R. Co.*, 110 F. 2d 166, it was held that the substitution of welding of metal for riveting or vice versa, whenever the one or the oth r appears to be more feasible, does not require "invention." At 167, the court said:

> "There is ample reason to believe that a desirable method for adding strength to structural members of the kind mentioned was set forth in the specifications. Whether or not what was disclosed amounted to invention depends, of course, upon much more than that for unless what was new was such a departure from the old that inventive thought was required to bring it about there was no basis for granting the patent."

At 168, the court said

> "* * * It cannot now be thought that it requires invention to substitute welding of metal for riveting or vice versa whenever the one or the other appears to be most feasible. Both processes are well known to anyone of ordinary skill in the metal working art. * * *"

To the same effect are *Bauer Bros. Co.* v. *Bogalusa Paper Co.*, 96 F. 2d 901; *Consolidated Electro. Corp.* v. *Midwestern Instruments*, 260 F. 2d 811, at 817. Also see #12385 in this court, *Hyster Company* v. *Hunt Foods, Inc. and Universal Clamp Co.*, ... F. 2d .....

In *B. & M. Corp.* v. *Koolvent Aluminum Awning Corp. of Ind.*, 257 F. 2d 264, at 267, we said:

> "Invention does not consist in the mere conception of applying an old device to a new use if the new use is so analogous to the old that the thought of adopting the device and applying it to the new use would occur to one skilled in the art and seeking to devise means to perform the desired function. Nor is invention involved in such a case even though some changes or modifications are necessary to the practical application of the device to the new use. * * *"

In the recent case of *Consolidated Electro. Corp.* v. *Midwestern Instruments, supra*, the 10th Circuit Court of Appeals succinctly stated that perfection of workmanship is not patentable. To the same effect is *Shaffer* v. *Armer*, 184 F. 2d 303, 307.

In *Cuno Engineering Corp.* v. *Automatic Devices Corp.*, 314 U.S. 84, 91, is this statement of fundamental law:

> "* * * 'Perfection of workmanship, however much it may increase the convenience, extend the use, or diminish expense, is not patentable.' * * *"

The district court filed "Findings of Fact" and "Conclusions of Law."[3] Plaintiff relies very heavily upon Findings 6, 11, 12, 13, 15, 16, 17 and 18, insisting that they are not clearly erroneous. We are referred to rule 52 (a) of the Federal Rules of Civil Procedure, 28 U.S.C.A. rule 52 (a). Plaintiff describes the above-numbered findings (except No. 6 which relates to the charge of infringement) as being "to the effect that the Banker patent in suit is

3. 160 F. Supp. 795.

valid." However, the question of validity is one of law (*Noble Co. v. C. S. Johnson Company*, 241 F. 2d 469, 476), to which rule 52 (a) has no application.[4] Defendant's counsel are correct when they state:

> "The findings will be put in proper perspective if we point out that Defendant could accept every finding, regardless of its correctness, and still be entitled to prevail on the issue of invalidity."

Validity being a matter of law, we are not inhibited by rule 52 (a) from passing upon it upon appeal, *A. & P. Tea Co. v. Supermarket Corp.*, 340 U.S. 147, 148. We have a right to determine whether the district court applied the correct criteria of invention. We hold that it did not do so.

For the reasons hereinabove stated, we hold that claims 1, 3 and 5 of Banker patent 2,409,236 are invalid. We are, therefore, not now concerned with the charge of infringement. An invalid patent cannot be infringed. *Simmons Company v. A. Brandwein & Co.*, 250 F. 2d 440, 447; *The Diversey Corporation v. Charles Pfizer and Co.*, 255 F. 2d 60.

The judgment of the district court is reversed.

REVERSED.

A true Copy:
Teste:

Clerk of the United States Court of Appeals for the Seventh Circuit.

4. The district court, in its Conclusion of Law 2, held the claims in suit valid in law.

UNITED STATES COURT OF APPEALS

For the Seventh Circuit.

Chicago 10, Illinois.

Thursday, February 5, 1959.

Before

Hon. Philip J. Finnegan, Circuit Judge.
Hon. Elmer J. Schnackenberg, Circuit Judge.
Hon. Fred L. Wham, District Judge.

NEW PRODUCTS CORPORATION, a Delaware corporation,
Plaintiff-Appellee,
v.
OUTBOARD, MARINE & MANUFACTURING COMPANY, a Delaware corporation,
Defendant-Appellant.

No. 12324

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

This cause came on to be heard on the transcript of the record from the United States District Court for the Northern District of Illinois, Eastern Division, and was argued by counsel,

On consideration whereof, it is ordered and adjudged by this court that the judgment of the said District Court in this cause appealed from be, and the same is hereby, reversed, with costs, in accordance with the opinion filed this day.

UNITED STATES COURT OF APPEALS

For the Seventh Circuit.

Chicago 10, Illinois.

Monday, March 16, 1959.

Before

Hon. Elmer J. Schnackenberg, Circuit Judge.
Hon. Fred L. Wham, District Judge.

NEW PRODUCTS CORPORATION, *Plaintiff-Appellee,* v. OUTBOARD, MARINE & MANUFACTURING CO., *Defendant-Appellant.*	Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

No. 12324

It is ordered by the Court that the petition for rehearing in the above entitled appeal be, and the same is hereby, DENIED.

UNITED STATES COURT OF APPEALS

For the Seventh Circuit.

Chicago 10, Illinois.

I, Kenneth J. Carrick, Clerk of the United States Court of Appeals for the Seventh Circuit, do hereby certify that the foregoing pages contain a true copy of opinion filed February 5, 1959; Judgment Entered February 5, 1959; Order Denying Petition for Rehearing Entered March 16, 1959, in Cause No. 12324, New Products Corporation, a Delaware Corporation *vs.* Outboard, Marine & Manufacturing Co., etc. as the same remains upon the files and records of the United States Court of Appeals for the Seventh Circuit.

In Testimony Whereof I hereunto subscribe my name and affix the seal of said United States Court of Appeals for the Seventh Circuit, at the City of Chicago, this twentieth day of April A. D. 1959.

Kenneth J. Carrick,

(SEAL)

Clerk of the United States Court of Appeals for the Seventh Circuit.

ILE COPY

Office-Supreme Court, U.S.
FILED
MAY 13 1959
JAMES R. BROWNING, Clerk

IN THE

Supreme Court of the United States

OCTOBER TERM, 1958.

No. 850

NEW PRODUCTS CORPORATION,

Petitioner,

vs.

OUTBOARD, MARINE & MANUFACTURING COMPANY,

Respondent.

BRIEF IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI

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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1958.

No.

NEW PRODUCTS CORPORATION,

Petitioner,

vs.

OUTBOARD, MARINE & MANUFACTURING COMPANY,

Respondent.

BRIEF IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI.

ARGUMENT.

There are four basic reasons why the Petition for a Writ of Certiorari is without merit.

REASON 1.

Petitioner seeks to tender issues which are not raised by the record.

A. Under the heading "Questions Presented" (Pet. 2), Petitioner charges the Court of Appeals to have disregarded the trial court's findings (1(a)); to have ignored such findings (1(c)); and to have ar-

rived at a judgment contrary to the fact findings of the trial court (1(d)). The fact is that the judgment of the Court of Appeals was reached with due consideration for, and no disturbance of, the findings of the trial court. The Court of Appeals said (Petitioner's Appendix 7; 263 F.2d 521, 524):

> "Defendant's counsel are correct when they state:
>
> > 'The findings will be put in proper perspective if we point out that defendant could accept every finding, regardless of its correctness, and still be entitled to prevail on the issue of invalidity.'"

It is significant that the Petition for Certiorari fails to quote a single finding allegedly disregarded or ignored or requiring that the validity of the patent in suit be sustained.

B. Under "Questions Presented" (Pet. 2), Petitioner's 1(b) infers that the Court of Appeals based its judgment on testimony in conflict with testimony accepted by the trial court. This is entirely a spurious issue. The fact is that the judgment of invalidity by the Court of Appeals was based on concurring testimony by Plaintiff's and Defendant's witnesses. The Court said (Petitioner's Appendix 4):

> "—broaching and drilling are admittedly ancient practices usable by those skilled in the art according to the nature of the opening to be produced. Witnesses for both parties were in accord to that effect."

The Court then quoted from the argument of Plaintiff's counsel showing that the claimed invention of the patent in suit involved only the substitution of broaching for drilling. The Court held that this was no more invention

than the substitution of welding for riveting, which has been held non-inventive in *Leake* v. *New York Central R. Co.*, 110 F.2d 166, 168. It is significant that the Petition for Certiorari fails even to attempt to document its inference that the Court of Appeals overthrew a finding based on alleged conflict.

REASON 2.

The issues tendered by Petitioner are not controlling. In reversing the judgment of the trial court because the patent in suit lacked invention, the Court of Appeals did not rule upon either of two very significant defenses which would require adjudication in Respondent's favor if the ruling of lack of invention were to be reopened.

A. Respondent is entitled to a judgment of non-infringement because the claims are inapplicable to the methods practiced by defendant. The precise limitations which are avoided by Respondent's methods are the limitations which were relied upon by Banker in the Patent Office to secure the allowance of the claims in suit. There is no dispute of any nature as to the *fact* of what happened in the Patent Office or the *fact* of what the accused method is. There is no finding of *fact* which would require review for the purpose of adjudicating the issue of non-infringement between the parties. There is only the matter of applying the law to facts which are not in dispute. Finding No. 6 (R. 283) is the only finding involved, and this is in the nature of a conclusion. Finding 6 is not directed to any fact as such and is clearly erroneous in any event.

B. The patent in suit is void because of the priority of Hickling, who has an earlier filing date and earlier issue date of his patent 2,267,863, which clearly discloses the alleged invention of the patent in suit.

On the record in this case Hickling's priority is clear. There is *no* finding of fact on this issue of priority. If the Court of Appeals had not found the patent in suit void for lack of invention, it would necessarily have been constrained to find it void because of Hickling's priority. It is readily demonstrable, as a matter of law, that adjudication of Hickling's priority will invalidate the patent in suit without challenging any finding made by the trial court. If this case is to be reopened, the issue of priority as between Hickling and Banker will require determination.

REASON 3.

Petitioner merely states *without discussion* a question as to the effect on this case of the death of His Honor Judge Finnegan after hearing and prior to opinion. There is no apparent reason for Petitioner's failure to discuss this issue unless it *knows* that this issue has been adjudicated adversely to Petitioner's position. It is the law that the two surviving judges constitute a quorum for the adjudication of the appeal. (28 U.S.C. 46(d) and Rule 4 of the Court of Appeals of the Seventh Circuit) This Court so held in *Ayrshire Collieries* v. *United States*, 331 U.S. 132; 67 S. Ct. 1168, (1947). The law was more recently reviewed by Judge Hand in *United States* v. *Allied Stevedoring Corporation*, 241 F.2d 925 (CA 2, 1957).

REASON 4.

In reversing the district court for failure to apply the proper standard of invention to the facts as found, the Court of Appeals for the Seventh Circuit expressly followed the directive of this Court: *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U.S. 147, 148, cited and applied by the Court of Appeals, in

its opinion in this case, 263 F.2d 521, 525. Manifestly, therefore, the opinion of the Court of Appeals herein could not have unsettled existing law or created confusion between the circuits as charged by Petitioner.

In the *A. & P.* case the patent had been held valid by both lower courts. This Court reversed on the ground that an improper standard of invention had been applied. Under the rule of the *A. & P.* case, where the facts fall short of establishing invention under the proper standard, a reviewing court is required to reverse the holding of validity as a matter of law, and there is no need for disturbing any of the findings of fact. See, for example, this Court's *per curiam* reversal without oral argument of the holding of patent validity in *Crest Specialty* v. *Trager*, 341 U.S. 912, 913.

In the case at bar, however, the Court of Appeals, as previously indicated, expressly stated that its decision does not disturb any findings made by the district court.

CONCLUSION.

Since the issues tendered by Petitioner have no semblance of merit, it is respectfully requested that the petition be denied.

Respectfully Submitted,

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